



NOTIFICATION

Exempt Contractor Labor — 75% Renovation Project of a Single-Family Dwelling or Duplex — Instructions

This Notification can only be used for a single-family dwelling or a duplex renovation. For any other project you must complete an Application for Approval.

NOTIFICATION. The purpose of this Notification is to assist the contractor or project owner in determining whether the contractor labor charges performed in connection with the renovation project as described in this Notification may be exempt from tax.

WHO MUST FILE. The general contractor or, if there is no general contractor, the project owner must submit this completed Notification when renovating a single-family dwelling designed for occupancy by one family or a duplex designed for occupancy by two families. A project owner completing the Notification is not required to provide a Nebraska identification number or social security number. This Notification cannot be used when renovating a commercial or industrial building. If renovating anything other than a single-family dwelling or duplex, you must file an Application for Approval. See “Information for Contractors” section on our Web site if you need to file an Application for Approval.

The completed Notification should only be submitted if at least 75 percent of the square feet of the single-family dwelling or duplex will be renovated. A separate Notification must be submitted for each single-family dwelling or duplex being renovated.

ACKNOWLEDGMENT. Upon our receipt of the Notification, the department will send an Acknowledgment. The general contractor must retain a copy of the Acknowledgment to document why sales tax was not billed on the contractor labor charges to the project owner. A Form 13 is used to document tax-free sales of contractor labor between contractors. A copy of the Acknowledgment is not required to be given to subcontractors when a Form 13 is completed. The Acknowledgment does not apply to work performed by those persons merely installing or repairing tangible personal property. Such persons are not performing contractor labor and their labor charges are taxable.

BUILDING. Building means any freestanding structure annexed to land, enclosed within a roof and exterior walls, regardless of whether enclosed on all sides.

UNIT. Unit means a physical portion of a building designated for separate ownership, rental, or occupancy.

RENOVATION. The renovation of a single-family dwelling or duplex involves the rehabilitation, replacement, or reconfiguration of permanent walls or fixtures.

A **permanent wall** consists of the supporting members such as studs, plates, headers, trimmers, associated blocking, and sheetrock or other similar material that is attached **directly** to the supporting members.

A **fixture** is a piece of equipment that must be annexed to the building or structure in order to properly function, yet remains identifiable as a separate item. Examples of fixtures are central air conditioners, hot water heaters, garbage disposals, built-in dishwashers, furnaces, and light fixtures.

The mere replacement of floor coverings (such as carpet, wood, tile, linoleum, etc.), wall coverings (such as paint, paneling,

wallpaper, and other items not directly attached to the supporting members of a wall), ceilings, trim, window treatments, exterior siding, a roof, or the painting of a building do not qualify as a renovation.

SQUARE FOOTAGE CALCULATION

LINE 1. Enter the total square footage of all floors in the existing building or unit, including the basement and all storage areas in the building or unit. The square footage of an attached garage cannot be included in line 1.

LINE 3. Each room in the building or unit must be analyzed to determine whether the square footage of the room can be counted as part of the renovation project. Walls affected or altered means adding new walls, moving, removing, or reconfiguring supporting members of walls or replacing at least one-half of the height of the wall covering (sheetrock, windows, or similar material) that is attached **directly** to the supporting members of existing walls. Add together the length of each segment of wall that is affected or altered. If at least one-half of the total length (perimeter) of the walls in a room are affected or altered, the square footage of that room can be counted as being renovated. Add together the square footage of each room being renovated and enter the total on line 3.

Example: A room measures 10 feet by 12 feet and has an 8-foot ceiling. The perimeter of the room is 44 feet and the total square footage of the floor area is 120 square feet. Wall #1 is 10 feet in length and has a 4-foot high by 5-foot long section of sheetrock replaced; wall #2 is 12 feet in length and the entire wall is moved; wall #3 is 10 feet in length and has a 5-foot long by 8-foot high section of the wall studs replaced; and wall #4 is 12 feet in length and has a 2-foot high by 8-foot long section of sheetrock replaced. The affected or altered length of the walls in the room totals 22 feet (5 feet, plus 12 feet, plus 5 feet). The rest of the walls are not altered or affected. Therefore, one-half of the perimeter of the walls in the room are affected or altered and the total square footage of the room (120 square feet) is counted and included in the total on line 3.

LINE 4. The area under a fixture may only be counted and included in line 4 if the fixture is replaced or reconfigured and the area under the fixture has not already been included in line 3 as part of the square footage of a room that qualifies as part of the renovation.

Example: A room contains a light fixture that measures 2 feet by 4 feet. The 8 square foot area under the light fixture can be counted and included in line 4 only if the square footage of the room was not included in line 3.

LINE 5. If the total square footage of the rooms and fixtures renovated (line 5) is equal to or greater than the total square footage calculated on line 2, then all contractor labor performed in connection with the renovation project is exempt.



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NAME AND ADDRESS OF GENERAL CONTRACTOR		NAME AND ADDRESS OF RENOVATION PROJECT	
<input type="checkbox"/> Check this box if there is not a general contractor and enter the name and address of the project owner.		Name of Project	
Name of General Contractor (or Name of Project Owner)		Address of Project	
Address		City	State Zip Code
City	State Zip Code	Type of Renovation Project	
Email Address (for notification via email)		<input type="checkbox"/> Single-Family Dwelling, designed for occupancy by one family	
		<input type="checkbox"/> Duplex, designed for occupancy by two families	
		<input type="checkbox"/> Other	
Telephone or Cellular Number ()	Nebraska Identification Number	Approximate total construction cost \$	

Project Description, include information on how the walls will be affected or altered.

1 Enter the total square footage of all floors in the existing building or unit including basement and all storage areas (exclude garages)	1
2 Line 1 multiplied by seventy-five percent (.75) and enter the result here	2
3 The square footage of a room can only be included in line 3 if at least one-half of the length of the walls (existing or new) in the room are affected or altered. Enter the total square footage of those rooms in the existing single-family dwelling or duplex that are being renovated in this project. (See instruction on "Square Footage Calculation")	3
4 If a fixture in the existing building or unit is replaced or reconfigured, enter the square footage of the area under the fixture, if not already included in line 3. If none, enter -0-	4
5 Enter the total of lines 3 and 4	5

If line **5** is **LESS THAN** line **2**, **STOP**. The contractor labor in this project is TAXABLE. This Notification is NOT to be submitted to the Nebraska Department of Revenue.

The contractor labor charges performed in connection with this renovation project are taxable until this Notification is acknowledged by the Department of Revenue.

The general contractor must retain a copy of the Acknowledgment to document why sales tax was not billed on the contractor labor charges to the project owner. A Form 13 is used to document tax-free sales of contractor labor between contractors. A copy of the Acknowledgment is not required to be given to subcontractors when a Form 13 is completed.

The Acknowledgment does not apply to work performed by those persons merely installing or repairing tangible personal property. Such persons are not performing contractor labor and their labor charges are taxable.

Under penalties of law, I declare that I have examined this Notification, and to the best of my knowledge and belief, it is correct and complete.

sign
here ▶

Signature of General Contractor or Project Owner

Title

Date

()

Telephone or Cellular Number

Mail this notification to: **NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98903, LINCOLN, NE 68509-8903**

Visit our Web site: **www.revenue.ne.gov**, or call **1-800-742-7474** (toll free in NE and IA) or **1-402-471-5729**.

ACKNOWLEDGMENT — DEPARTMENT USE ONLY



The Nebraska Department of Revenue Acknowledges
Receipt of this Notification

Confirmation Number _____

Acknowledged by _____